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STAFF NOTES:

Soviet Union Eastern Europe

State Department review completed

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Top Secret

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Kuwaiti Military Delegation Reportedly Arrives in Moscow

A Kuwaiti military delegation was scheduled to arrive in Moscow today, presumably to continue discussions on Soviet arms sales.

The Kuwaitis have been exploring the possibility of an arms purchase for well over a year, but Moscow has given no firm answer to their requests. kuwaiti Foreign Minister Sabah recently told a US official that Moscow has now become more receptive.

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states.						
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The Soviets have been stalling despite their presumed interest in making hard cash on an arms deal and the possibility that the sale will give them a new entree into the Persian Gulf.

It is possible that the Soviets have been dangling the arms deal in an effort to induce more positive Kuwaiti attitudes toward the USSR. The Kuwaitis have heretofore made no bones about their suspicions of the Soviets; they have turned thumbs down on the idea of Soviet military advisers in Kuwait and have made substantial military purchases from the US.

Kuwait's reported plan to send arms to third countries may concern Moscow. The Soviets certainly do not want to undercut their own embargo on deliveries of arms to Egypt or to undermine their leverage in Syria.

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Traq is yet another possible factor in Soviet calculations. Negative reactions from Baghdad may have led Moscow to be wary of the initial Kuwait request. Now that Soviet ties with Iraq are somewhan strained, the Soviets may be taking a more positive view.

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Cominformists in Croatia

The arrest of seven Cominformists in Croatia last week will force the Yugoslav leadership to take another long, hard look at Croat problems.

The surfacing of pro-Soviet activity in Croatia will have a sobering effect, primarily because the republic is a potential hotbed of opposition to the Serbs. Croatian morale has never completely recovered from Tito's 1971-72 purge of popular leaders who had gone too far in appeasing nationalist and separatist pressures. Moreover, the republic has a troubled, though well-developed, economy which some top leaders believe is vulnerable to Cominformist subversion.

A coterie of lackluster yes-men has run the republic since the purge. Effective power has slipped
from the regime in Zagreb to local conservative groups,
such as the Serbian-dominated veterans organizations
and the internal security apparatus. Extreme conservatives in these groups have often called for a "firm
hand" against liberals and Croat nationalists.

The arrest of the Cominformists, however, will undercut advocates of the "firm hand" because their line closely resembles the program offered by the prosoviet subversives. Proponents of a more relaxed and conciliatory approach in Zagreb will press this advantage in hopes of softening the adversary relationship between the regime and the people.

Vladimir Bakaric, Croatia's party chief and Tito's vice president in the state collective presidency, will probably head the movement for relaxation of the republic's domestic policy. He has, for example, recently proposed that the party review controls over the internal security apparatus to ensure that the police and the military do not become a power above the people.

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Soviet Visitor Highlights During July

Soviet commercial visitor traffic continued its summer decline. Seventy-four visa applicants were authorized for arrival in July, and most of these people were low-level technicians and engineers. The month's visitors were primarily interested in agricultural machinery, automotive equipment, and chemical fertilizers. For the first time this year, there were no delegations headed by an official of deputy minister rank or higher visiting the US for commercial or economic exchange purposes.

In perhaps the most notable exchange, Nikolay Nekrasov, who heads Gosplan's Council for the Study of Productive Forces, visited the Center for International Management Studies in New York City. Later he met with senior government officials in Washington. Nekrasov, an active member of the Academy of Sciences and a versatile economist, is responsible for longrange planning for the rational location of industry and use of natural resources.

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		CHRONOLOGY	
25X1	July 29	Brezhnev arrives in Helsinki by train.	
25X1		President Ford visits Krakow, Poland, and the nearby site of the Auschwitz concentration camp before proceeding to Finland for the CSCE summit sessions.	
		UK Foreign Secretary Callaghan ends a two-day visit to Hungary where he meets with Kadar.	25X1
	July 30	Agriculture Minister Polyansky is host at a meeting in Moscow with visiting Bulgarian Agriculture Minister Krustev.	
25X1		Party Secretary Kapitonov addresses con- ference of Komsomol first secretaries.	25X1
		Foreign Minister Gromyko confers with UN Secretary General Waldheim in Helsinki.	25X1
		Egyptian Finance Minister Ismail concludes fourth round of talks in Moscow on rescheduling Cairo's debts and invites Deputy Foreign Trade Minister Kuzmin to go to Egypt "to continue" the talks.	25X1
	July 31	A Chinese trade delegation leaves Moscow after signing the 1975 trade	

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agreement.

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the USSR, Remania, and Yugoslavia.

ANNEX

Bilateral Meetings of Soviet and East European Leaders During the CSCE Summit

BULGARIA (ZHIVKOV)

July 29	July 30	July 31	August 1	August 2
	Zhivkov (speecn) Tito	Gierek Ceausescu Kadar Karamanlis Brezhnev		

CZECHOSLOVAKIA (HUSAK)

July 29	July 30	July 31	August 1	August 2
	Kreisky Schmidt Wilson	Husak (speech) Gierek Kadar Kekkonen Brezhnev Chnoupek- Kissinger	Tito Honecker Ceausescu	

GERMAN DEMOCRATIC REPUBLIC (HONECKER)

July 29	July 30	July 31	August 1	August 2
Tito Brezhnev	Honecker (speech) Ford Schmidt Giscard	Palme Kekkonen Kadar Ceausescu	Schmidt (2nd) Casaroli (Vatican) Moro Costa Gomes Husak Fischer- Kissinger	

HUNGARY (KADAR)

	-	- CHEFINI (MIDM	,	
July 29	July 30	July 31	August 1	<u> August 2</u>
,	Schmidt	Kadar (speech) Husak Kekkonen Ceausescu Zhivkiv Brezhnev Honecker	Giorek Puja- Kissinger	
	P	OLAND (GIERE	()	
July 29	July 30	July 31	August 1	August 2
	Tito Kekkonen Brezhnev	Gierek (speech) Husak Giscard Zhivkov	Kadar Schmidt (late pm)	Schmidt (oarly am)
	ROMA	ANIA (CEAUSES	CU)	
July 29	July 30	July 31	August 1	August 2
	Makarios	Zhivkov Kadar Moro Trudeau Honecker	Ceausescu (speech) Brezhnev Giscard Husak	Schmidt

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Karamanlis

YUGOSLAVIA (TITO)

July 29	July 30	July 31	August 1	August 2
Makarios Schmidt Honecker Kekkomen Brezhnev	Kreisky Zhivkov Gierek	Tito (speech) Karamanlis Wilson Giscard	llusak	
	U	SSR (BREZHNEV)	
July 29	July 30	July 31	August 1	August 2
Tito Honecker	Ford Giorek Giscard	Brezhnev (speech) Zhivkov Kadar Schmidt Husak	Coausescu Makarios Wilson Karamanlis	Ford

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